

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE
BOARD OF PATENT APPEALS AND INTERFERENCES**

APPELLANT:	Jeremy THALER et al.	GROUP:	1794
APPLICATION:	10/705,657	EXAMINER:	H. Pratt
FILED:	November 10, 2003	CONFIRMATION:	6140
FOR:	PEANUT BUTTER WITH AN ORGANIC STABILIZER AND METHOD FOR MANUFACTURE THEREOF		

Honorable Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

LETTER ACCOMPANYING REPLY BRIEF

In response to the Examiner's Answer dated February 6, 2009, and a supplement to the Examiner's Answer, dated March 25, 2009, Appellants submit herewith a Reply Brief.

No oral hearing is requested.

Appellants respectfully request that the Board render a decision based upon the parties written submissions, including Appellants' Appeal Brief and the enclosed Reply Brief.

Appellants further note that the Examiner's Answer, in spite of the Examiner's subsequent contention to the contrary, contains new grounds for rejection that were not properly identified as such, and for which Appellants are now responding to in this Reply Brief.

In the event any fees are required in association with this submission, authorization is hereby provided to charge such fees or additional amounts to the Basch & Nickerson LLP Deposit Account 50-2737.

Respectfully submitted,
/Duane C. Basch, Esq. Reg. No. 34,545/
Duane C. Basch, Reg. No. 34,545
Attorney for Appellants
Basch & Nickerson LLP
1777 Penfield Road
Penfield, New York 14526
(585) 899-3970

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE

BOARD OF PATENT APPEALS AND INTERFERENCES

Jeremy THALER et al. - Appellants

APPELLANT:	Jeremy THALER et al.	GROUP:	1794
APPLICATION:	10/705,657	EXAMINER:	H. Pratt
FILED:	November 10, 2003	CONFIRMATION:	6140
FOR:	PEANUT BUTTER WITH AN ORGANIC STABILIZER AND METHOD FOR MANUFACTURE THEREOF		

APPELLANTS' REPLY BRIEF

TABLE OF CONTENTS

	<u>PAGE</u>
1. STATUS OF CLAIMS	3
2. GROUNDS OF REJECTION TO BE REVIEWED.....	4
3. ARGUMENTS	6

1. STATUS OF CLAIMS:

Claims 2 and 21 are canceled.

Claims 1, 3-20 and 22-24 remain in the application and are rejected.

The rejections of claims 1, 3-20 and 22-24 are appealed herein.

2. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL:

Appellants respectfully submit that in view of the Examiner's Answer and the Supplement of March 25, 2009, the grounds for rejection upon which this appeal is based are presently unclear, or in the alternative that new grounds of rejection have been improperly added in the Examiner's Answer and/or supplement dated March 25, 2009. The grounds for rejection set forth in the Examiner's Answer are inconsistent with those in the Office Action of August 2008¹, from which the instant Appeal was initiated. More specifically, the grounds for rejection presently set forth in the Examiner's Answer (February 6, 2009) and Supplement (March 25, 2009) are indicated to have been "reworked" to include: (a) the removal of Baileys ("Bailey's Industrial Oil and Fat Products," Vol. 106, 6th Ed., John Wiley & Sons, © 2005 (release date Dec. 7, 2006), pp. 168-170) from a rejection of claims 1, 10, 12-18, 20 and 22-23 and a rejection of claims 1, 3-8, 10, 12-18, 20 and 22-23 (*and by reference from rejections of claims 9, 11, 19 and 24*); and (b) the addition of Liu (Liu et al.; 6,982,101) to a rejection of claims 9, 11, 19 and 24.

In spite of the Examiner's attempted "reworking" of the grounds for rejection in the Examiner's Answer and associated Supplement dated March 25, 2009, the grounds for rejection remain as set forth in the non-final Office Action of August 22, 2008, and are as follows:²

Claims 1, 10, 12-18, 20 and 22-23 were rejected under 35 USC §103(a) as being unpatentable over Liu (Liu et al.; 6,982,101) in view of Hinds ("Unhydrogenated Palm Oil as a Stabilizer," by M.J. Hinds et al., Journ. Food Sci., Vol. 59, No. 4, 1994, pp.

¹ Pursuant to the Supplement sent March 25, 2009 (p. 2, line 1), the Examiner acknowledged that the Examiner's Answer was inconsistent with the rejections set forth in the non-final rejection dated August 22, 2008.

Note: This fact was further acknowledged by Examiner Pratt during a telephone call with Duane Basch (Attorney of Record) on April 2, 2009, when Mr. Basch called the Examiner to inquire as to the basis for the supplemental remarks sent by the Examiner and why a replacement Examiner's Answer and new grounds for rejection had not been prepared. The Examiner indicated that the supplemental information was necessary as the Examiner's Answer had been reviewed internally and the Examiner had been requested to address the inconsistencies. The Examiner maintained that no new grounds for rejection were set forth.

² Notably, the Examiner's Answer, at p. 2 (Sect. 6) acknowledges that Appellants' statement of the grounds for rejection were correct.

816-820) and Harris (Harris et al.; 2,560,509) and further in view of Baileys ("Bailey's Industrial Oil and Fat Products," Vol. 106, 6th Ed., John Wiley & Sons, © 2005 (release date Dec. 7, 2006), pp. 168-170).

Claims 1, 3-8, 10, 12-18, 20 and 22-23 were rejected under 35 USC §103(a) as being unpatentable over Hinds and further in view of Baileys.

Claims 9, 11, 19 and 24 were rejected under 35 USC §103(a) as being unpatentable over Hinds and Harris, *as applied to claims 1, 10, 12-18 and 20 and 22-23*,³ and further in view of Krisinski (Krisinski et al.; 4,143,176).

Claims 9, 11, 19 and 24 were rejected under 35 USC §103(a) as being unpatentable over Hinds and Harris, *as applied to claims 1, 3-8, 10, 12-18, 20 and 22-23*,⁴ and further in view of Krisinski.

³ Appellants respectfully note that the Examiner has, in setting forth this rejection of dependent claims, mis-stated the basis for the rejection of claims 1, 10, 12-18 and 20 and 22-23, as those claims are rejected under 35 USC §103(a) as being unpatentable over four alleged "references;" Liu in view of Hinds and Harris and further in view of Baileys, the finality of the prior rejections having been withdrawn (Aug. 2008 Office Action, p. 2).

⁴ Appellants, again, respectfully note that the Examiner has, in setting forth the rejection, mis-stated the basis for the rejection of claims 1, 3-8, 10, 12-18, 20 and 22-23 - those claims are presently rejected under 35 USC §103(a) as being unpatentable over Hinds and further in view of Baileys.

3. **ARGUMENT:**

A. The Examiner has improperly “reworked” the rejections set forth in an Examiner’s Answer and Supplement (March 25, 2009) to set forth new grounds for rejection, yet has not provided Appellants an opportunity to respond to the new grounds for rejection

(I) Appellants respectfully contend, contrary to the Examiner’s assertions otherwise in the Supplement (March 25, 2009), that the “reworking” of the rejections by removing reliance upon Baileys and adding Liu as a reference to one of the rejections, is an improper addition of new grounds for rejection. As an indication of such, Appellants respectfully direct the Board’s attention to the prosecution history for this application. In particular, the Final Office Action dated Jan. 23, 2008, includes rejections that are the same as those apparently now being alleged by the Examiner after having “reworked” them. These rejections were withdrawn by a Pre-Appeal Conference Panel (see Panel Decision dated July 31, 2008) in response to Appellants arguments, and the new grounds for rejection presently on appeal were set forth in the Office Action dated August 22, 2008. If the rejections set forth in the August 2008 Office Action were new grounds for rejection relative to those found in the Final Office Action of January 2008, then the Examiner’s “reworking” of the rejections in the Examiner’s Action and Supplement (March 25, 2009) must also be setting forth new grounds for rejection. Appellants respectfully contend that revisions to the rejection that add, or remove, references from a rejection constitute new grounds for rejection.

(II) In view of the Examiner’s attempt to improperly add new grounds for rejection in the Examiner’s Answer and Supplement (March 25, 2009), Appellants respectfully reserve a right, in the event the present “reworked” rejections are maintained, to: (a) request a refund of all appeal fees; and (b) re-open prosecution or alternatively to submit further arguments in another Reply Brief to the Board once the claim rejections are clarified.

B. Arguments traversing rejections in Office Action dated August 22, 2008

Appellants respectfully urge, as previously set forth in the Appeal Brief filed Oct. 20, 2008 (corrected Nov. 26, 2008), that the pending claims are in condition for allowance. Moreover, in the arguments presented therein, Appellants set forth specific arguments in traversal of the rejections of both independent and dependent claims and request that the Board not consider those dependent claims specifically set forth as standing or falling with the independent claims, but based upon their own merits.

The following summary of Appellants arguments set forth in the Appeal Brief is presented:

I. Relative to the rejection of claims 1, 10, 12-18, 20 and 22-23, Appellants maintain that the rejection of claims under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris and further in view of Baileys is improper as it: (a) relies upon a document not available as prior art to establish obviousness; (b) improperly combines at least two documents that teach away from one another and from the claimed invention; and (c) fails to set forth *prima facie* obviousness, as the rejection omits elements recited in the rejected claims.

II. With regard to the rejection of claims 1, 3-8, 10, 12-18, 20 and 22-23, Appellants respectfully maintain that the rejection under 35 USC §103(a) as being unpatentable over Hinds and further in view of Baileys is improper as it: (a) relies upon a document not available as prior art to establish obviousness; (b) fails to establish *prima facie* obviousness and provide articulated reasoning and rational underpinning to support the legal conclusion of obviousness for the rejection of claims; and (c) fails to disclose or describe the use of the recited palm stearin oil, the hardest fraction of palm oil, or the specific amounts set forth in the independent claims.

III. With regard to the rejection of claims 9, 11, 19 and 24 under 35 USC §103(a) as being unpatentable over Hinds and Harris, *as applied to claims 1, 10, 12-18 and 20 and 22-23*, and further in view of Krisinski, Appellants respectfully maintain the arguments above relative to claims 1, 10, 12-18, 20 and 22-23, and further urge that the rejection is ambiguous as it purports to rely upon a reference not included as the basis for the prior rejection that is referenced.

IV. Relative to the rejection of claims 9, 11, 19 and 24 under 35 USC §103(a) as being unpatentable over Hinds and Harris, as applied to claims 1, 3-8, 10, 12-18, 20 and 22-23, and further in view of Krisinski, Appellants respectfully maintain that the rejection is incomplete on its face as it fails to set forth the specific references relied upon (fails to note that the referenced rejection was based upon Hinds in combination with Baileys as the basis for the rejection).

With respect to the latter two rejections of claims 9, 11, 19 and 24, Appellants note that the rejections were, to the best of Appellants ability, argued in the alternative in an attempt to accommodate the Examiner's ambiguity of the August 2008 Office Action rejections.

Appellants further note that the Examiner's attempt to remove Baileys from the rejections, although not expressly acknowledged, affirms Appellants' prior arguments that Baileys is not properly relied upon as the basis for a rejection. Nonetheless, in spite of the Examiner's contentions that Baileys was no longer relied upon, the Examiner still refers to Baileys in the arguments (see e.g., Examiner's Answer, p. 13).

C. Appellants preliminary, alternative arguments in traversal of the Examiner's "reworked" (new) rejections

Further to Appellants arguments submitted in the Appeal Brief, the following arguments are intended to be responsive to the Examiner's Answer and Supplement (March 25, 2009), and are Appellants' attempt to respond to the new grounds for rejection recently set forth in the Examiner's Answer.

Appellants submit these arguments so as to be fully responsive in this Appeal, but in doing so respectfully urge that the Examiner's "reworking" of the rejections results in new grounds for rejection that Appellants should be provided the option to reopen prosecution or to respond in a Reply Brief. The former option has been foreclosed by the Examiner's contention that no new grounds for rejection are presented.

Appellants respectfully submit that the "reworked" rejections are the same as those previously made of record and set forth, for example, in the Final Office Action dated Jan. 23, 2008. Those rejections were withdrawn in response to Appellants' request

for a Pre-Appeal Conference dated June 18, 2008, the arguments submitted therewith being respectfully incorporated herein by reference.

Claims 1, 10, 12-18 and 20 and 22-23 are rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris (Baileys having been removed). Claims 1, 3-8, 10, 12-18, 20 and 22-23 were rejected under 35 USC §103(a) as being unpatentable over Hinds (Baileys having been removed). Claims 9, 11, 19 and 24 were rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris and further in view of Krisinski (Krisinski et al.; 4,143,176). Claims 9, 11, 19 and 24 were also rejected under 35 USC §103(a) as being unpatentable over Hinds and further in view of Krisinski.

I. Claims 1, 10, 12-18 and 20 and 22-23

Claims 1, 10, 12-18 and 20 and 22-23 were rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris. Appellants respectfully submit that the rejection fails to expressly set forth a basis for the alleged combination/modification of Liu, Hinds and Harris. Absent any articulated reasoning as the basis for the combination/modification, the combination is urged as improper and that *prima facie* obviousness has not been established.

Considering the combination, *in arguendo*, Appellants respectfully maintain that Liu clearly teaches away from the present invention as it is directed to nut butter spreads and as the Examiner notes, does not teach “at least about 90wt% organically grown, dry-roasted, ground peanuts.” While describing steps for making spreads, Liu specifically states that peanut oil is the preferred edible oil for peanut butter (col. 3, lines 9-10), and suggests that a “sweetening composition” be added to nut pastes (col. 3, lines 35-36). The sweetening composition includes a stabilizer to prevent oil separation between the solid and edible oil phases (col. 3, lines 65-67).⁵ The stabilizers are described by Liu as “hydrogenated vegetable oils and their derivatives” (col. 4, line 1).

⁵ The Examiner continues to maintain, at p. 12 of the Examiner's Answer, that claims 10-14 and 50-52 of Liu do not require a stabilizer. Appellants respectfully contend that this is an erroneous interpretation and ignores the clear teaching of a sweetening composition by Liu (col. 3, lines 65-67), and the recitation of the sweetening composition in the independent claims from which claims 10-14 and 50-52 depend.

Appellants respectfully urge that the teaching in Liu is contrary to the present invention which is intended to provide an organic, non-hydrogenated peanut butter, not a spread that includes peanut oil and hydrogenated stabilizers, and thereby teaches away from the present invention and those additional references urged as the basis for the rejection. Appellants further urge that the Examiner has mischaracterized Liu's teaching of "at least one stabilizer" in a total amount up to 3 - 4wt% (see e.g., col. 2, lines 3-25) as no stabilizer being present, whereas Liu clearly teaches the use of hydrogenated stabilizers. The Examiner's reference to the method set out at the bottom of col. 1, while not expressly teaching the addition of a stabilizer as a step, does teach addition of a "sweetening composition" - which is characterized at col. 3, line 65 as "preferably also includes a stabilizer to prevent separation ..."

In the alternative, Appellants urge that Liu may be considered indicia that Appellants' organic peanut butter, achieved using a non-hydrogenated organic oil to prevent separation, was contrary to the accepted wisdom of those skilled in the art. Thus, not only does Liu fail to teach the recited claim limitations, but it teaches away from the claimed invention by indicating a preference for the use of hydrogenated vegetable oil stabilizers and their derivatives (col. 4, line 1).

Liu also fails to teach about 5wt% to about 7wt% of a non-hydrogenated organic palm stearin oil as is now set forth in the rejected independent claims. The Examiner urges that this limitation is taught by Liu's suggestion of the use of palm oil, but Appellants maintain that even if palm oil is taught, the specific type and amount of the oil required to achieve the results set forth (e.g., an organic peanut butter that has a fat concentration below 55wt% and is resistant to separation) are not disclosed by Liu.⁶ Absent a teaching or demonstration that all of the recited limitations were available to one of skill in the art, the rejection must fail.

The rejection also appears to rely on the teachings of Hinds, and urges that Hinds teaches the use of the recited 5 - 7wt% organic, non-hydrogenated palm stearin oil. Again, Appellants question what basis the Examiner relies upon for the alleged

⁶ As to the statement at p. 12 of the Examiner's Answer, that nothing has been shown to prove Liu would separate without a stabilizer, Appellants respond that in the prior paragraph, the Examiner indicated Liu had the "same problem." Appellants ask the question, "why Liu would have added a stabilizer (in the sweetening composition) if it wasn't needed?"

combination, other than the rejected claims themselves. Absent an indication for the motivation to combine the teachings of Liu and Hinds, it would appear that Appellants' claims have been used as the "recipe" from which teachings of various documents have been selected.

While Hinds describes testing of unhydrogenated palm oil, it does not teach or suggest the levels recited in the rejected claims. In fact, Hinds suggests that 2.0-2.5% palm oil is adequate to effectively stabilize peanut butter.⁷ Accordingly, Hinds fails to disclose or describe the use of the recited palm stearin oil, the hardest fraction of palm oil. Hinds also teaches away from the recited limitations of independent claims 1 and 12, as it specifically teaches that a lower percentage of a palm oil should be used. The Examiner suggests that the claimed percentages could be arrived at with little routine experimentation. This is not believed to be the standard of obviousness, and Hinds clearly arrived at, and recommended, a palm oil percentage that is significantly lower than the palm stearin oil recited in the claims. Hence the Examiner's assertion would appear to be contradicted by Hinds.

Lastly, Harris is apparently added to the arguable combination of Liu and Hinds. Harris is suggested to teach that sugar and polyglycerols can be melted and used in the making of peanut butter. While Harris does teach the use of small portions of partial esters of polyglycerol (col. 3, lines 43-49), the "indicated" esters of the polyglycerols are "derived from normally solid higher molecular weight fatty acids or mixtures of fatty acids, such as palmitic acid, hydroxy-stearic acid, stearic acid, mixtures thereof, so called 'triple-pressed stearic acid' and the like. ... [m]ixtures comprising from about 40 to 50% of stearic acid and the remainder largely palmitic acid ... are very satisfactory sources of fatty acids" (col. 3, lines 28-42), and it is not clear that this teaching gives rise to the limitations set forth in independent claims 1 or 12. Nor has the Examiner even alleged that to be the situation. Rather, Harris is again used to conclude that one might be motivated to experiment and try unhydrogenated palm oil that contains stearic acid. Absent that suggestion, however, it appears that the rejection remains largely based upon the Examiner's opinion rather than specific teachings.

⁷ As the Examiner further notes, Hinds sets out the fatty acid composition of RBD palm oil at the bottom of col. 1 on p. 816, where the percentage of stearic fatty acid (C18:0) is 4-5.5%. Multiplied by 2.5 – 3% palm oil would appear to indicate that Hinds teaches only a fraction of a percent of stearic fatty acids.

Furthermore, the dependent claims are believed to be allowable for the reasons set forth for the independent claims, and Appellants have not provided further arguments in traversal of such rejections for the sake of brevity in view of the uncertainty as to the basis for the rejections at this point. As previously noted, however, the Examiner appears to have taken “official notice” with respect to several limitations (e.g., “[adding oil in mill] has to have been done in order for peanuts to have been ground...”; “reference is silent as to heating the oil”) by asserting that the limitations recited in the claims are not new or would have to have been done, etc. Appellants urge that such conclusory statements also fail to meet the burden of *prima facie* obviousness.

In view of the incomplete rejection based upon, and arguable combination of, Liu, Hinds and Harris, and in the alternative, the lack of a teaching of specific limitations set forth in the claims, Appellants’ respectfully request that the Board reverse the rejections relative to independent claims 1 and 12. Further arguments relative to the dependent claims are respectfully reserved for a Reply Brief in the event the new grounds for rejection set forth in the “reworked” rejections of the Examiner’s Amendment and Supplement are maintained.

II. Claims 1, 3-8, 10, 12-18, 20 and 22-23

Claims 1, 3-8, 10, 12-18, 20 and 22-23 are apparently rejected under 35 USC §103(a) as being unpatentable over Hinds. In setting forth a rejection under 35 USC §103(a) of claims 1 and 12 based upon Hinds, the Examiner acknowledges that Hinds fails to teach all of the limitations set forth in the independent claims. Specifically, the Examiner acknowledges that Hinds fails to teach the limitation of about 5wt% to about 7wt% of a non-hydrogenated organic palm stearin oil. The Examiner then concludes that no patentable distinction exists between the teachings of Hinds and the recited range of non-hydrogenated organic palm stearin oil. This is contrary to the statement by Hinds that “[p]eanut butter containing 3% palm oil would be unstable (Fig. 1c)” (p. 819; col. 2, 2nd para., last sentence), and “the maximum palm oil should be 2.5%, but the most stable products would contain 2.0-2.1% palm oil (Fig. 2b)” (p. 819; col. 2, 3rd para., lines 4-6).

Accordingly, Appellants respectfully maintain that not only does Hinds fail to disclose or describe the use of the recited palm stearin oil, the hardest fraction of palm oil, it

also fails to disclose the specific amounts of oil set forth in the independent claims. Furthermore, the Examiner's assertions that "it would have been obvious to add a little more oil for its known function" appears to be inconsistent with the teachings set forth in Hinds at p. 819, as noted above.

III. Claims 9, 11, 19 and 24

Claims 9, 11, 19 and 24 were rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris and further in view of Krisinski. Appellants urge that the teachings of Krisinski, largely directed to processing of peanut skins, fails to set forth the limitations of the independent claims, or specific limitations of claims 9 and 11. While Krisinski does teach the addition of skins, only a 50-60% portion of the germ is indicated as desirable. Appellants also continue to maintain that the limitations of claims 9 and 19 are not taught. In fact Krisinski indicates (col. 2, lines 25-41) that the additional step of homogenization was required to reduce undesirable characteristics, and that homogenization caused a loss of flavor volatiles. Thus, Krisinski would seem to teach away from the recited limitation of returning substantially all peanut germ separated from the peanuts during blanching as set forth in claims 9 and 19.

IV. Claims 9, 11, 19 and 24

Claims 9, 11, 19 and 24 were rejected under 35 USC §103(a) as being unpatentable over Hinds and further in view of Krisinski. Appellants submit, as indicated above, that the teachings of Krisinski, do not set forth the limitations of the independent claims and are largely directed to processing of peanut skins. Krisinski is not believed to set forth the specific limitations of claims 9 and 11 as noted above. As also set forth above, Appellants continue to maintain that the limitations of claims 9 and 19 are not taught. In view of the failures noted, the limitations of dependent claims 9, 11, 19 and 24 are not believed to be taught by Krisinski, either alone or in the combinations as set forth.

In light of the supplemental and alternative arguments set forth above in response to the Examiner's Answer, Appellants respectfully continue to urge that all of the rejections set forth should be reversed, and that Appellants' pending claims should

be indicated as allowable.

Respectfully submitted,
/Duane C. Basch, Esq. Reg. No. 34,545/

Duane C. Basch

Attorney for Appellants

Registration No. 34,545

Basch & Nickerson LLP
1777 Penfield Road
Penfield, New York 14526